

State of Rhode Island and Providence Plantations

DEPARTMENT OF BUSINESS REGULATION

Division of Insurance

1511 Pontiac Avenue

Cranston, Rhode Island 02920

CONCISE EXPLANATORY STATEMENT

230-RICR-40-10-2 – Lenders, Loan Brokers, Small Loan Lenders, Third-Party Loan Servicers and Mortgage Loan Originators

The Department of Business Regulation (“Department”) hereby adopts amendments to 230-RICR-40-10-2 and makes this statement in accordance with R.I. Gen. Laws § 42-35-2.6. The Department makes these amendments in order to set forth and clarify the regulatory requirements for Lenders, Loan Brokers, Small Loan Lenders, Third-Party Loan Servicers and Mortgage Loan Originators in Rhode Island and extend the regulation to third party service providers, provide for electronic filing of annual statements, clarify the requirement of designation of insurance claims agents and specify the documents to be maintained by licensees.

There are no differences between the text of the proposed rule as published in accordance with R.I. Gen. Laws § 42-35-3 and the rule as adopted.

The Department did receive two comment letters and did not make the suggested changes for the following reasons:

One comment asked for amendment to section 2.5(b)(1)(b) to clarify that only annual financial statements need be uploaded. The current process is that licensees upload financial information quarterly and annually through the Mortgage Call Report (MCR) in NMLS. This portion of the regulation is intended to refer to the current procedures not to require a separate upload of financial information either annually or quarterly.

Licensees should, therefore, continue the current practice and should not upload information outside of MCR.

A second comment letter took issue with the requirements of section 2.8(B) that information be provided concerning arrests and misdemeanor convictions. The Department agrees that the paragraph should be amended to require these documents only for felonies. Unfortunately, the Department did not propose amendment to the section at issue and, therefore, does not believe that it has given sufficient notice to make that amendment. The Department will, however, make the change in a future amendment of this regulation. Additionally, the Department has not and will not deny a license solely on the basis of a misdemeanor conviction or an arrest.